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Agenda item 91

Macroeconomic policy questions

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate on agenda item 91 (see A/53/606, para. 2). Action on the item as a whole was taken at the 28th and 42nd meetings, on 29 October and 1 December 1998. An account of the Committee's consideration of the item is contained in the relevant summary records (A/C.2/53/SR.28 and 42).

II. Consideration of draft resolutions A/C.2/53/L.20 and A/C.2/53/L.57

2. At the 28th meeting, on 29 October, the representative of *Indonesia*, on behalf of the States Members of the United Nations that are members of the Group of 77 and *China*, introduced a draft resolution (A/C.2/53/L.20) entitled "Role of the United Nations in promoting development in the context of globalization and interdependence", which read:

> "*The General Assembly*,
>
> "*Reaffirming* the principles and purposes of the Charter of the United Nations, particularly as regards the role of the United Nations in promoting international economic and social cooperation, including solutions of international economic, social and related problems,
>
> "*Recognizing* the challenges and opportunities of globalization and interdependence,

* The report of the Committee on this item will be issued in six parts, under the symbol A/53/606 and Add.1–5.

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"*Recognizing also* the serious risks of marginalization and the increased vulnerability of developing countries resulting from a severe erosion in trade preferences arising from trade liberalization,

"*Expressing concern* over the marginalization and exclusion of a large number of developing countries from the globalization process, and the increasing vulnerability of those developing countries which are integrating into the world economy, resulting particularly from a severe erosion in trade preferences, through the process of globalization and accentuation of income disparities within and among countries,

"*Underlining* the urgent need for managing the negative impact of globalization and interdependence so as to realize the objectives of poverty eradication and sustained economic growth and sustainable development,

"*Reiterating* that the United Nations occupies a unique position in respect of addressing the challenges of promoting development in the context of globalization and interdependence,

"*Emphasizing* that the United Nations has a key role in fostering greater coherence, complementarity and coordination in economic policy-making at the global level,

"*Recalling* the outcome of the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa, which provides an important framework for promoting partnership for growth and development in the context of globalization and interdependence,

"*Noting with satisfaction* the renewal of the dialogue on strengthening international cooperation for development through partnership, through the convening of the high-level dialogue on the theme of the social and economic impact of globalization and interdependence and their policy implications, held on 17 and 18 September 1998, which could pave the way for further consideration of the issues of minimizing the negative impacts and maximizing the benefits of globalization, particularly for the developing countries,

"*Taking note* of the report of the Secretary-General[1] on the causes of conflict and the promotion of durable peace, and sustainable development in Africa, wherein he identified, *inter alia*, the obstacles to the full participation of the African economies in the globalization process,

"*Underlining* the need for a comprehensive review of the international financial architecture,

"1. *Reaffirms* that the United Nations has a central role to play in promoting international cooperation for development and in providing policy guidance on global development issues, particularly in the context of globalization and interdependence;

"2. *Re-emphasizes* the importance of recognizing the special needs of developing countries, particularly the least developed countries and the small island developing States, in the context of trade liberalization and globalization and urges the international community, including the World Trade Organization, to grant a more concessional treatment to developing countries on the grounds of their vulnerability;

"3. *Welcomes* the efforts of the United Nations Conference on Trade and Development and the International Trade Centre to help developing countries, in particular the least developed countries and the small island developing States, address

their specific problems of marginalization within the globalizing economy, in particular through technology-related assistance in the fields of trade, policy, improvement of trade efficiency, and policies and trade in services, in particular in electronic commerce;

"4. *Underlines* the need to ensure the full participation of all the developing countries in the benefits of globalization and also the need to reduce their vulnerability to the impacts of globalization and interdependence;

"5. *Emphasizes* that concerted efforts should be made, through enhanced cooperation and coordination among all the relevant institutions, to minimize the negative impacts and maximize the benefits of globalization and interdependence for the developing countries;

"6. *Strongly underlines* the importance of market access, increase in official development assistance, conversion of official debts into grants, liberalization of the heavily indebted poor countries initiatives and foreign direct investment flows as the five priority areas that need to be addressed in order to encourage the participation of Africa in the global economy, as recommended in the report of the Secretary-General;[1]

"7. *Underlines* the need to reform the international financial architecture in order to enhance its abilities to deal with the phenomena of globalization and interdependence;

"8. *Recognizes* the need, in the various relevant forums, for continued consideration, and close coordination, of the issues arising out of globalization and interdependence;

"9. *Recalls* the widely shared desire expressed at the high-level dialogue held on 17 and 18 September 1998, which constituted a renewal of the dialogue on strengthening international cooperation for development through partnership, to continue discussions with a view to developing a coherent and effective response to the opportunities and challenges being offered by globalization and interdependence;

"10. *Recognizes* the urgency of evolving a global response to mitigate the negative impacts of globalization and interdependence, taking into account the special vulnerability, concerns and needs of developing countries;

"11. *Decides* to hold a two-day high-level resumed fifty-third session of the General Assembly in the first half of 1999, to discuss ways and means to optimize the benefits and minimize the negative consequences of globalization and interdependence, in particular for developing countries;

"12. *Requests* the President of the General Assembly to hold consultations with Member States regarding the specific date, format and outcome of the high-level resumed session;

"13. *Requests* the Secretary-General to prepare an analytical report, in collaboration with the United Nations Conference on Trade and Development and in consultation with relevant organizations, in particular the World Trade Organization, the International Monetary Fund, the World Bank and the regional commissions, to be submitted to the General Assembly at its high-level resumed session, that should examine the complex, interrelated issues in order to facilitate better understanding of globalization and make recommendations on:

[1] A/52/871–S/1998/318.

"(a) The role of the United Nations in promoting development in the context of globalization and interdependence;

"(b) Promoting coherence, complementarity and coordination in economic policy-making at the global level;

"(c) Ensuring coherent policies at various levels for optimizing the benefits and limiting the negative consequences of globalization and interdependence;

"14. *Decides* to include in the agenda of its fifty-fourth session an item entitled 'Globalization and interdependence'."

3. At the 42nd meeting, on 1 December, Mr. Burak Özügergin (Turkey), Vice-Chairman of the Committee, in the absence of Mr. Odyek Agona (Uganda), Vice-Chairman of the Committee, introduced and orally corrected a draft resolution (A/C.2/53/L.57) submitted on the basis of informal consultations held on draft resolution A/C.2/53/L.20.

4. At the same meeting, the Committee adopted draft resolution A/C.2/53/L.57, as orally corrected (see para. 6).

5. In the light of the adoption of draft resolution A/C.2/53/L.57, draft resolution A/C.2/53/L.20 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Role of the United Nations in promoting development in the context of globalization and interdependence

The General Assembly,

Reaffirming the principles and purposes of the Charter of the United Nations, particularly with regard to the role of the United Nations in promoting international economic and social cooperation, including seeking solutions to international economic, social and related problems,

Recognizing the challenges and opportunities of globalization and interdependence,

Expressing concern over the serious risks of marginalization of a large number of developing countries from the globalization process, including in the finance and trade sectors, and the increasing vulnerability of those developing countries which are integrating into the world economy, resulting particularly from the volatility of short-term capital flows and the accentuation of income disparities within and among countries,

Mindful, in the process of trade liberalization, of the diminution of trade preferential margins for developing countries, particularly the least developed countries and small island developing States, and of the need for countries to take measures, as appropriate, in accordance with the rules of the World Trade Organization, to address that diminution with a view to offsetting it,

Recognizing that globalization and interdependence have opened new opportunities, through increased trade and capital flows and advancement in technology, for the growth of the world economy, for development and for the improvement of living standards around the world,

Underlining the need to work on a wide range of reforms to create a strengthened international financial system,

Stressing the importance of promoting the integration of developing countries into the world economy to allow them to take the fullest possible advantage of the trading opportunities arising from globalization and liberalization,

Emphasizing that technical assistance is also vital in enabling developing countries to benefit from the international trading environment,

Underlining the urgent need to mitigate the negative consequences of globalization and interdependence so as to realize the mutually reinforcing objectives of poverty eradication and development,

Reiterating that the United Nations is in a unique position, as a universal forum, to achieve international cooperation in addressing the challenges of promoting development in the context of globalization and interdependence,

Emphasizing that the United Nations system has a key role in fostering greater coherence, complementarity and coordination in economic and development issues at the global level,

Recognizing the importance of appropriate policy responses at the national level by all countries to the challenges of globalization, in particular by pursuing sound macroeconomic and social policies, noting the need for support from the international community for the efforts, in particular of the least developed countries, to improve their institutional and management capacities, and also recognizing that all countries should pursue policies conducive to economic growth and to promoting a favourable global economic environment,

Recalling the outcome of the ninth session of the United Nations Conference on Trade and Development, held at Midrand, South Africa, from 27 April to 11 May 1996,[2] which provides an important framework for promoting partnership for growth and development in the context of globalization and interdependence,

Noting the special high-level dialogue between the Economic and Social Council and the Bretton Woods institutions, held on 18 April 1998, and the ministerial communiqué on market access adopted by the Economic and Social Council at the high-level segment of its 1998 substantive session,[3]

Recalling the widely shared desire expressed during the high-level dialogue of the General Assembly, held on 17 and 18 September 1998, which constituted a renewal of the dialogue on strengthening international economic cooperation for development through partnership, to continue discussions with a view to developing a coherent and effective response to the opportunities and challenges being offered by globalization and interdependence,

Taking note of the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa,[4] wherein he identified,

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[2] *Proceedings of the United Nations Conference on Trade and Development, Ninth Session, Midrand, Republic of South Africa, 27 April–11 May 1996, Report and Annexes* (United Nations publication, Sales No. E.97.II.D.4), Part One, sect. A.

[3] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 3* (A/53/3), chap. IV, para. 5.

[4] A/52/871–S/1998/318.

inter alia, the obstacles to the full participation of the African economies in the globalization process,

1. *Reaffirms* that the United Nations has a central role to play in promoting international cooperation for development and in providing guidance on global development issues, including in the context of globalization and interdependence;

2. *Re-emphasizes* the importance of recognizing the needs of developing countries, particularly the special needs of least developed countries and the small island developing States, in the context of globalization, and urges the international community, including the World Trade Organization, to continue to grant more preferential treatment to developing countries, including the least developed countries and the small island developing States;

3. *Welcomes* the efforts of the United Nations Conference on Trade and Development and the International Trade Centre to help developing countries, in particular the least developed countries and the small island developing States, address their specific concerns within the globalizing economy, in particular through technology-related assistance in the fields of trade, policy, improvement of trade efficiency and policies and trade in services, in particular in electronic commerce;

4. *Emphasizes* the importance of recognizing and addressing the specific concerns of economies in transition so as to help them to benefit from globalization with a view to their full integration into the world economy;

5. *Underlines* the need to continue to work to ensure the full participation of all the developing countries in the benefits of globalization and also the need to reduce their vulnerability to the negative impacts of globalization and interdependence;

6. *Emphasizes* that concerted efforts should be made, through enhanced cooperation and coordination among all the relevant forums and institutions, to minimize the negative impacts and maximize the benefits of globalization and interdependence for the developing countries;

7. *Stresses* the importance, at the national level, of maintaining sound macroeconomic policies and developing effective institutional and regulatory frameworks and human resources;

8. *Strongly underlines* the importance of an enabling environment for investment, in particular foreign direct investment, market access, good governance, increase in the volume and effectiveness of official development assistance, tackling of unsustainable debt burdens, including through debt conversion measures, flexibility in the heavily indebted poor countries initiative and support for regional cooperation and integration as priority areas that need to be addressed in order to achieve sustainable development in all African countries and to encourage the participation of all African countries in the global economy, as recommended in the report of the Secretary-General;[4]

9. *Stresses* the need for continued and constructive dialogue in the appropriate forums among developed and developing countries on issues related to strengthening and reforming the international financial architecture;

10. *Recognizes* the urgency of working together in developing a global approach to mitigate the negative consequences of globalization and interdependence, taking into account the specific vulnerabilities, concerns and needs of developing countries;

11. *Invites* the Economic and Social Council and the Bretton Woods institutions, in their high-level dialogue in the spring of 1999, also to address ways and means on how

to optimize the benefits and minimize the negative consequences of globalization and interdependence, in particular for the developing countries;

12. *Requests* the Secretary-General to prepare, in collaboration with the United Nations Conference on Trade and Development and in consultation with relevant organizations, in particular the World Trade Organization, the International Monetary Fund, the World Bank and the regional commissions, an analytical report, to be submitted to the General Assembly at its fifty-fourth session, that examines the interrelated issues in order to facilitate better understanding of globalization and make recommendations on, *inter alia*:

(a) The role of the United Nations in promoting development in the context of globalization and interdependence;

(b) Promoting coherence, complementarity and coordination on economic and development issues at the global level in order to optimize the benefits and limit the negative consequences of globalization and interdependence;

13. *Decides* to include in the agenda of its fifty-fourth session an item entitled "Globalization and interdependence".